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OCA 3333-88

CENTRAL INTELLIGENCE AGENCY
Office of Congressional Affairs
Washington, D.C. 20505
Telephone: 482-6136

10/6/88

TO: MR. John Elliff, Staff
SSCI
SHOB 211

SSCI

OCA file

John,

As agreed, attached are copies of correspondence on SEO:

-- DCI to Atkins
-- Shultz to Mica
-- Shultz to Snowe.

State approved release of latter two.

STAT

FORM 2-86 **1533** OBSOLETE PREVIOUS EDITIONS.

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SECRET

The Director of Central Intelligence

Washington D.C. 20505

18 July 1988

The Honorable Chester Atkins
House of Representatives
Washington, D.C. 20515

Dear Mr. Atkins:

This is in reply to your statement and questions submitted for the record on 16 June 1988. Your question (see enclosure) referred to a 14 June briefing to the HFAC Staff by the director of the DCI Security Evaluation Office, 25X1 [redacted] and Mr. Robert Lamb, Assistant Secretary for Diplomatic Security. Their meeting actually took place on Monday, 13 June 25X1 [redacted] from 1030 to 1230 hours.

First, let us review what the DCI Security Evaluation Office is in broad terms and then address your specific comments and questions. 25X1 [redacted]

We should begin the overview by restating that the Secretary of State is the official responsible for the management of embassies and missions abroad. This point was incorporated in the President's directive to Secretary Shultz and the DCI in connection with the establishment of the DCI Security 25X1 Evaluation Office. [redacted]

The DCI Security Evaluation Office is to perform an independent audit function, established under the DCI by direction of the President and with the support of the Secretary of State to formulate security standards to protect U.S. diplomatic establishments from intelligence activity and to monitor compliance with those standards. The Secretary of State manages and directs the Department of State and is responsible for security in his diplomatic and consular posts abroad. It is his management prerogative to accept the standards we set and his decision whether to comply with those standards. It is the DCI's responsibility to work with the Secretary to achieve improvements in security abroad. The President directed the DCI to report to him and the Congress concerning these standards and compliance issues. 25X1 [redacted]

25X1 [redacted]

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Now to the specific questions and comments raised in your question for the record.

- The DCI Security Evaluation Office was established 4 April 1988. Our objective is to have an initial operating capability of 20-30 people by 1 October 1988 and to complete staffing by April 1989. In the meantime, since April 1988, the accruing staff is involved in various start-up activities.

- The recruitment of people and the start-up date of the Security Evaluation could not have been a surprise to Assistant Secretary Lamb as you mentioned in your statement for the record. You must have been misinformed on that point. The Director of the Security Evaluation Office discussed recruitment with Mr. Lamb and/or his deputy on 16 March, 4 April, and 3 May. Dates for personnel nominations and milestones for initial operating capabilities were discussed with the entire State Management Council, chaired by Under Secretary Spiers, and attended by Mr. Lamb, on 20 May. A 25 May memorandum from the Security Evaluation Office to Mr. Lamb spelled out in detail the nomination of people by State, NSA, DoD, and CIA. The memorandum also described the October milestone and the goal for full staff by April 1989. Mr. Lamb's responding memorandum of 27 May to the Director of the Security Evaluation Office asked for a description of the duties to be performed by subelements of the office and stated his willingness to offer Diplomatic Security Officers for detail. Those duty descriptions were provided to Mr. Lamb as an attachment to a 3 June memorandum from the Security Evaluation Office. In summary of this point, it appears that someone misinformed you and I hope this detailed explanation lays the matter to rest.

25X1 - We have formally requested [redacted] positions and [redacted] million in the FY 1989 National Foreign Intelligence Program for the DCI Security Evaluation Office.

- The Secretary of State is responsible for embassy security.

- The establishment of the DCI Security Evaluation Office was based upon a request that Secretary Shultz and I made to the President in August 1987. We proposed ". . . The head of this unit would be named by and responsible to the DCI, who will report problems and recommendations to the Secretary of State for his action as the person responsible for the management of embassies and missions abroad . . . ." [redacted]

25X1

Colin Powell replied 22 October 1987 ". . . The President agrees with your recommendation to establish a unit responsible for setting standards to protect embassies from penetration by foreign intelligence activity, and for monitoring conformity with those standards. The head of the unit will be named by and be responsible to the DCI, who will report problems and recommendations to the Secretary of State for his action as the official responsible for the management of embassies and missions abroad . . . ." [redacted]

25X1

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As a final observation, may I share a perception as to the appropriateness of the Secretary of State asking the Director of Central Intelligence for assistance in protecting his embassies from foreign intelligence threats. The DCI is responsible for foreign counterintelligence and it is a foreign counterintelligence problem facing our embassies and other State Department establishments. Also, the DCI is responsible for the National Foreign Intelligence Program and has various directive and coordinating authorities that he can bring to bear in assisting the Secretary of State. All of this appears to be consistent with the provisions of the Omnibus Diplomatic Security and Antiterrorism Act of 1986 (PL 99-399), especially Section 106, as well as other laws and executive orders.

25X1

Sincerely yours,

William H. Webster

Enclosure

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June 16, 1988

Hearing on H.R. 3822, the Intelligence Oversight Act of 1988

Statement and question submitted for the record by Hon. Chester G. Atkins

Mr. Webster, on page 9 of your prepared statement, you address the issue of access by the Foreign Affairs Committee to intelligence information relevant to the Committee's need to such access in order to carry out its oversight and legislative responsibilities. While your statement addresses the issue of the availability of intelligence information generically, you did not address the specific problem raised when intelligence agency activities directly relate to this Committee's legislative jurisdiction pursuant to the Rules of the House.

I will cite one current example of such an activity.

On Tuesday, June 14, 1988, the Committee Staff received a briefing, as requested, from your staff on the formation of a new entity within your agency called the Security Evaluation Office. The briefing also was attended by the Assistant Secretary of State for Diplomatic Security, Robert Lamb.

According to your representatives at the breifing, your Agency is in the process of establishing the "Security Evaluation Office" whose purpose would be to audit overseas embassy security programs and activities and, when necessary, set new embassy security standards. The Committee Staff was told that your Agency intends to have the SEO in operation by October 1, 1988, and that you are in the process of recruiting a substantial number of personnel from other Government Departments, including the State Department, for this purpose. The recruitment and the implementation date seemed to be a surprise to the Assistant Secretary for Diplomatic Security. The Staff was also told that you have informally requested a substantial amount of money to fund the SEO before the Intelligence and Appropriations Committees. These actions raise a number of questions:

As you know, the Committee initiated action of the so-called Inman recommendations on Embassy security at the formal request of the President less than three years ago. That legislation, which stipulated that the Secretary of State is responsible for embassy security, including the setting of standards, became the Omnibus Diplomatic Security and Antiterrorism Act of 1986 (Public Law 99-399).

The placement of the responsibility for auditing and setting embassy security standards in the SEO would appear to contravene exsisting law. Do you, with the concurrence of the Secretary of State, plan to request an

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ment to existing law which would authorize the proposed activities of the SEO? On what basis have you proceeded thus far? Has the President issued an Executive Order to establish the SEO? Did the OMB approve a budget amendment to fund the SEO?

As you know, the Committee has primary legislative and oversight jurisdiction over embassy security issues. At the very least, the Subcommittee on International Operations should hear formal testimony from you and the Secretary of State before proceeding with this very ad hoc proposal which appears to be in conflict with existing law.

I would appreciate your response to my questions and concerns. Thank you.

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THE SECRETARY OF STATE

WASHINGTON

July 7, 1988 '88 JUL -7 P3:19

Dear Mrs. Snowe:

Thank you for the letter of June 10 from you and Chairman Mica. I appreciate the fact that you both are following closely the Department's discussions with the Central Intelligence Agency regarding ways to draw on the community's expertise in defending overseas missions against the technical threat posed by hostile intelligence activities.

As you know, Judge Webster and I agreed last summer, with the President's concurrence, to establish a unit that would formulate, recommend and monitor counterintelligence measures required to protect overseas missions from hostile technical penetration. The unit was conceived as a joint effort established in a way that recognized the expertise and interests of the Intelligence Community and was consonant with the Secretary's statutory authority for the security of overseas missions. Judge Webster and I are keeping in close touch as discussions on the unit's specific mandate and structure proceed. In this process, I do not intend to cede to any other agency the Secretary of State's statutory authority for the security of our overseas missions. Given that authority, it is clear that the Secretary ultimately must set the standards by which security is measured. The new unit would evaluate and recommend technical standards and report problems and recommendations for action to the Secretary. This approach does not, in my view, require new legislation.

The Honorable
Olympia J. Snowe,
Subcommittee on International Operations,
House Foreign Affairs Committee,
House of Representatives.

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Finally, in answer to your specific questions: (1) the unit's mandate and specific responsibilities are still under discussion; (2) the Department of State does not believe new legislation is needed; (3) the Secretary of State's responsibility for the security of diplomatic personnel and facilities is inviolable; and (4) on the issue of the impact of the unit's recommendations on the Department's budget, we are making every effort to assure that the serious budgetary constraints under which we are operating do not jeopardize the security of our people or our missions overseas. We will continue to do our best in that effort.

Sincerely yours,

George P. Shultz

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THE SECRETARY OF STATE

WASHINGTON

'88 JUL -7 P3:19 July 7, 1988

Dear Dan:

Thank you for the letter of June 10 from you and Congresswoman Snowe. I appreciate the fact that you both are following closely the Department's discussions with the Central Intelligence Agency regarding ways to draw on the community's expertise in defending overseas missions against the technical threat posed by hostile intelligence activities.

As you know, Judge Webster and I agreed last summer, with the President's concurrence, to establish a unit that would formulate, recommend and monitor counterintelligence measures required to protect overseas missions from hostile technical penetration. The unit was conceived as a joint effort established in a way that recognized the expertise and interests of the Intelligence Community and was consonant with the Secretary's statutory authority for the security of overseas missions. Judge Webster and I are keeping in close touch as discussions on the unit's specific mandate and structure proceed. In this process, I do not intend to cede to any other agency the Secretary of State's statutory authority for the security of our overseas missions. Given that authority, it is clear that the Secretary ultimately must set the standards by which security is measured. The new unit would evaluate and recommend technical standards and report problems and recommendations for action to the Secretary. This approach does not, in my view, require new legislation.

The Honorable
Daniel A. Mica,
Chairman, Subcommittee on International Operations,
House Foreign Affairs Committee,
House of Representatives.

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Sincerely yours,

George P. Shultz

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Chief of Staff

One Hundredth Congress

Congress of the United States

Committee on Foreign Affairs

House of Representatives

Washington, DC 20515

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STEVEN K. BERRY
Minority Chief of Staff

June 10, 1988

The Honorable George P. Shultz
Secretary of State
Department of State
Washington, D.C. 20520

Dear Mr. Secretary:

We are aware of discussions between the Department of State and the Central Intelligence Agency regarding ways to incorporate the intelligence community's expertise in areas of security pertaining to the technical threat of hostile intelligence entities. We support the goal of bridging institutional differences and prerogatives to forge a new cooperative atmosphere in in this area, particularly in light of the revelations relating to the U.S. Embassy in Moscow.

We have previously chosen not to comment on the discussions between your department and the agency hoping that the experts would reach, on their own, appropriate arrangements. As things stand now, however, we believe that this effort has strayed. These discussions have centered on creating an entity to set security standards for overseas missions and monitor compliance with these standards. It has been proposed that this unit would be headed by an individual appointed by the Director for Central Intelligence (DCI), would be largely staffed by members of the intelligence community, would report results of compliance with security standards to the DCI and others, and would have the authority to "decertify" the ability of any U.S. diplomatic or consular mission to maintain classified information. As currently proposed, this unit would not operate under the authority of the Secretary of State. Furthermore, we understand that such fundamental decisions establishing security standards and decertifying diplomatic and consular posts would be made outside of the supervision and direction of the Secretary of State.

However, current law, as strengthened by the Omnibus Diplomatic Security and Anti-Terrorism Act of 1986, holds the Secretary of State firmly responsible and accountable for ensuring all areas of technical and physical security at U.S. posts abroad. In the discussions on establishing this new entity, we hope that you do not intend to abdicate your responsibilities, nor undermine the consensus between the Executive and

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Legislative branches embodied in Titles I-IV of the Act. In Section 103 of the Act, Congress directed that the Secretary of State *shall* (emphasis added) be responsible, among other things, for:

> security policies and programs, including funding levels and standards; protection of all U.S. Government personnel on official duty abroad...[and] establishment and operation of security functions at all U.S. Government missions abroad.

As authors of the Act, we intentionally consolidated the security structure within the Department of State and strengthened the responsibility and accountability of U.S. Ambassadors and the Secretary of State in maintaining both the technical and physical security of our embassies abroad. We think you would agree this is where the responsibility belongs. In approving the relevant provisions, Congress recognized the weaknesses of fragmented security functions, dispersed among too many agencies. Furthermore, the Act consolidated the entire function, formerly dispersed in various bureaus and offices in the Department of State, under a new Assistant Secretary for Diplomatic Security. This, also, served to strengthen the chain of command and accentuate the need for enhanced accountability.

We did not ignore the appropriate role of other agencies. The Omnibus Diplomatic Security and Antiterrorism Act allows the Secretary of State to seek the assistance of other agencies in carrying out these responsibilities, and also directs other agencies to provide such assistance as may be requested. Section 106 of the Act states:

> In order to facilitate fulfillment of the responsibilities described...other Federal agencies shall cooperate (through agreements) to the maximum extent possible with the Secretary of State. Such agencies may...provide assistance to the Secretary, perform security inspections, provide logistical support relating to the differing missions and facilities of other Federal agencies, and perform other overseas security functions as may be authorized by the Secretary. Specifically, the Secretary may agree to delegate operational control of overseas security functions of other Federal agencies to the heads of such agencies, subject to the Secretary's authority...The agency head receiving such delegated authority shall be responsible to the Secretary in the exercise of the delegated operational control.

Thus, while the Secretary of State may seek the expertise of other agencies in carrying out his responsibilities, all of the security operations of other agencies remain ultimately under the Secretary's control and responsibility. The creation of a unit under consideration would run counter to the deliberate and clearly stated authorities given exclusively to the Secretary by the Omnibus Act, and would violate the spirit of the Act's goal of consolidating security functions under one responsible and accountable official. Any

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organizational changes altering the Secretary of State's authorities and responsibilities established under law would require further legislative action by this Committee and by Congress.

Given our deep concern with this proposal, we request responses to the following questions: (1) is the proposed unit already being established; (2) will the Administration seek the necessary legislative changes prior to establishment of such a unit; (3) why it is felt necessary to cede the Secretary's control and responsibility over the security of diplomatic personnel and facilities to another agency; and, (4) how do you intend to address the unavoidable impact the unit's decisions would have on the Department's budget?

We look forward to working with you on this important issue.

With warm regards,

Sincerely,

Daniel A. Mica
Chairman
Subcommittee on
International Operations

Olympia J. Snowe
Ranking Minority Member
Subcommittee on
International Operations

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